

Message Text

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PAGE 01 CAPE T 00066 271409Z

44

ACTION AF-06

INFO OCT-01 EUR-12 IO-11 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00

PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 /103 W

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R 271310Z JAN 76

FM AMCONSUL CAPE TOWN

TO AMEMBASSY PRETORIA

INFO SECSTATE WASHDC 4902

AMEMBASSY BERN

AMCONSUL DURBAN

USDEL MTN GENEVA

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL ZURICH

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E.O. 11652: N/A

TAGS: EGEN, ETRD, SF

SUBJ: OUTLOOK FOR SOUTH AFRICAN ECONOMY IN 1976

REF: 75 PRETORIA 3544

IN COURTESY CALL ON DIRECTOR SADIE AND ASSISTANT DIRECTOR DE VRIES
(POTECT COURCE) OF RESPECTED BUREAU ECONOMIC RESEARCH IN STELLEN-
BOSCH, LATTER TOLD CONGEN OFF THAT REPORT ON PROSPECTS FOR 1976
(REFTEL) WHICH HE CO-AUTHORED WAS, IN RETROSPECT, "TOO OPTIMISTIC".
DE VRIES SAID FORECAST HAD FAILED TO ANTICIPATE ANGOLA DEVELOP-
MENTS WHICH HE ASSUMED WOULD BOOST DEFENCE COSTS FOR 1976 AND
FALL IN GOLD PRICE. FORECAST OF 3 PERCENT REAL GROWTH IN GDP
FOR CALENDAR 76 SHOULD PROBABLY BE REDUCED TO LESS THAN 2 PERCENT
WHILE INFLATION FORECAST LAST AUGUST AT 8.5 PERCENT FOR 1976

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PAGE 02 CAPE T 00066 271409Z

MORE LIKELY TO BE AROUND 12 PERCENT. ECONOMIC UPTURN ALSO

LIKELY TO BE DELAYED HE SAID WITH REAL IMPACT NOT OCCURRING
UNTIL 1977 RATHER THAN LATTER HALF OF THIS YEAR. BOTH OPINED
THAT THERE NO SHORT RUN FACTORS WHICH WOULD CAUSE SIGNIFICANT
INCREASE IN GOLD PRICE. AN OPTIMISTIC ASSUMPTION WOULD BE A
RISE TO DOLLARS 130 PER OUNCE (RPT DOLLARS 130 PER OUNCE). BOTH
AGREED THAT MAJOR ECONOMIC PROBLEM FOR NEXT FEW YEARS WILL
NOT BE INFLATION BUT BALANCE OF PAYMENTS. ABOVE REPRESENTS
"UNOFFICIAL" EXPRESSION OF CURRENT VIEWS OF BER OFFICIALS AND
SHOULD NOT RPT NOT BE ATTRIBUTED TO THEM PERSONALLY
OUTSIDE USG. GAMON

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Message Attributes

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Margaret P. Grafeld
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